GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2140
ANSWERED ON:01.12.2000
INVESTMENT BY NRIS
VIJAY GOEL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) Whether the Union Government have decided to encourage NRI investments in India.

(b) If so, whether the NRI investment has increased during the period 1991-1996 but from 1996 on wards, there has been a considerable reduction;

(c) If so, the main reasons for decline in the NRI investment; and

(d) The assistance/incentives the Government are considering to provide to the NRI investors?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (c) The Government is committed to encourage Foreign Direct Investment including NRI investment and policies and procedures governing Foreign Direct Investment are streamlined/simplified on a −continuous basis to create a more favourable investment-friendly environment for NRIs.

The pattern of NRI investment is guided by a host of variables including the investors' perception of market condition, alternative avenues of investment, preferred instruments of investments, international interest rates, etc. While there has been a decline in the inflows of NRI investment especially during 1998 there has been a turnaround in the subsequent period. The decline in investments in the direct investment schemes has been more than compensated by the overwhelming response by the NRIs to the Resurgent india Bonds in 1998 with the mobilization of around US $ 4.2 Billion and to the recently floated India Millennium Deposits where the response exceeded US $ 5 Billion.

(d) The general policy and facilities for foreign Direct Investment as available to foreigninvestors/company are fully applicable to NRIs as well. In addition Government have extended some concessions specially for NRIs and Overseas Corporate Bodies having more than 60% stake by the NRIs. These include (I) NRI/OCB investment in the real estate and housing sectors up to 100%
(ii) NRI/OCB investment in domestic airlines sector upto 100% and
(iii) NRI/OCB investment upto 40% in the banking sector.